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Decision No. 11897.

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of PICKWICK STAGES, INC., a corporation, for an order authorizing the issue of $44,800.00 par value of its capital stock.	Application Number 8755

ORIGINAL

Warren E. Libby, for Applicant.

BY THE COMMISSION:

OPINION

In this application PICKWICK STAGES, INC. asks permission to issue 1,792 shares of its capital stock of the aggregate par value of $44,800.00, for the purpose of financing, in part, the cost of additional equipment.

The record shows that Pickwick Stages, Inc. was organized during 1918 with an authorized capital stock of $100,000., divided into 4,000 shares of the par value of $25.00 each. The company is engaged in the business of operating auto stages, in the Counties of San Diego, Imperial, Riverside, Orange, San Bernardino and Los Angeles. Its assets and liabilities as of December 31, 1922 are reported as follows:-

ASSETS

Plant and Equipment	$65,767.16	
Securities of other corporations	3,300.00	
Cash (Credit Balance)	1,397.38	
Accounts Receivable	5,713.43	
Materials and Supplies	1,139.05	
Special Funds	1,823.50	
Prepayments	424.88	
Discount on Stock	9,740.00	
Total Assets		$86,510.64

LIABILITIES

Capital Stock	$55,300.00	
Notes Payable	3,298.77	
Accounts Payable	13,909.26	
Reserve for accrued depreciation	10,998.41	
Corporate surplus	3,004.20	
Total Liabilities		$86,510.64

The revenues and expenses of the business, for the year ending December 31, 1922 have been submitted to the Commission as follows:-

OPERATING REVENUES:			
Transportation:			
Passenger	$232,234.01		
Express	1,504.98		
Mail	10.00		
Other	1,219.63	$ 234,968.62	
Miscellaneous:			
Rent of Equipment	31,047.44		
Rent of Buildings	614.34		
Storage	118.24	31,780.02	
Total Operating Revenues			$266,748.64
OPERATING EXPENSES:			
Conducting Transportation		198,714.50	
Maintenance		43,065.07	
Traffic		2,533.62	
General		22,271.50	
Total Operating Expenses			$266,584.69
Net Operating Revenues			163.95
NonOperating revenues		3,659.30	
NonOperating expenses		112.10	
Balance			3,547.20
NET PROFIT FOR YEAR			$3,711.15

The company reports that it owns nineteen passenger cars. It appears, however, that the demand for service has necessitated the leasing of additional equipment, and that in 1922 it expended $109,799.72 in renting cars. Applicant believes that it will be more advantageous and economical for it to own its equipment.

Of the $44,800.00 of stock applied for the company asks permission to deliver four shares, of the total par value of $100.00, to its directors in lieu of stock heretofore issued but not authorized by the Commission. It asks permission to sell the remaining $44,700.00 of stock for cash at par to provide funds to pay for equipment. The order herein will permit the issue of the $44,800. of stock at not less than par. If the directors have heretofore paid par for their stock, four shares may be delivered to them without additional cost in exchange for the stock they now hold. If they did not pay par for the stock they now hold, applicant, before delivering the four shares, must collect from its directors an amount equal to the difference between the par value of the stock delivered and the amount heretofore collected from the directors.

It appears that applicant has made arrangements to purchase six twin-six fourteen passenger Packard automobiles and two eight passenger Cadillac automobiles, especially equipped for stage business, for $38,000.00. While the application does not show the specific purposes for which the remaining $6,700.00 of proceeds will be used, it is reported that such proceeds will also be expended for additional plant and equipment. The order herein will provide that all proceeds received from the sale of the stock herein authorized be expended only for capital purposes, as defined by the Uniform Classification of Accounts prescribed by the Railroad Commission for automotive transportation companies.

ORDER

PICKWICK STAGES, INC., having applied to the Railroad Commission for permission to issue and sell stock, and the Railroad Commission being of the opinion that this is not a matter in which a public hearing is necessary, and that the money, property or labor to be procured or paid for by such issue and sale is reasonably required by applicant;

IT IS HEREBY ORDERED that Pickwick Stages, Inc. be, and it is hereby, authorized to issue and sell for cash at not less than par, 1,792 shares of its capital stock of the aggregate par value of $44,800.

The authority herein granted is subject to further conditions as follows:-

1. The proceeds from the sale of stock shall be used to pay such cost of additional auto stages and equipment as is properly chargeable to plant and equipment accounts under the Uniform Classification of Accounts prescribed by the Railroad Commission for automotive transportation companies.
2. Applicant shall keep such record of the issue, sale and delivery of the stock herein authorized and of the disposition of the proceeds as will enable it to file, on or before the 25th day of each month a verified report, as required by the Railroad Commission's General Order No. 24, which order in so far as applicable, is made a part of this order.
3. The authority herein granted will become effective upon the date hereof and will expire on December 15, 1923.

DATED at San Francisco, California, this 5th day of April, 1923.

C. L. Seavey
H. D. Loveland
Irving Martin

Commissioners.

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